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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

14 May 1981

[REDACTED]
NSC review completed - unredacted segments may be
declassified

BACKGROUND MEMORANDUM

SUBJECT: 15 May NSC Meeting: US Policy in Central America and
the Caribbean

1. IG Meetings. The basic strategy paper (completed in March) evolved from a series of IG meetings chaired by State Department Counsellor McFarlane. C/LA/DDO represented CIA and solicited comments on earlier drafts from NIO/LA and C/LA/OPA. I judge (C/LA/DDO disagrees) that CIA's overall impact on the analytical aspects of this essentially State-DOD product was limited. There was no CIA participation in the two follow-on papers (Counterinsurgency and Economic Development). [REDACTED]

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2. SIG Meeting. Deputy Secretary Clark, on 16 March, chaired a SIG meeting on an earlier version of the basic strategy paper, with A/DDO and C/NIC attending. Deputy Secretary Carlucci, reflecting a DOD concern that the exercise overstated US military capabilities, urged that the Cuban and Soviet "Strategic Elements" (2 of a total of 8) not be considered by the NSC until separate SIGs devise overall strategies toward those countries. A compromise was reached: the comprehensive approach was retained; notices were attached to the Cuban and Soviet portions indicating the need for separate SIG exercises. If this dispute reemerges, recommend that DCI approve discussion of Cuban and Soviet strategies: they are essential to a workable approach; as presented, they are rather elastic and can be included for "general blessing"; these and other elements will get arduous fine tuning. [REDACTED]

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3. Views of CIA Latin Americanists

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b. NFAC agrees that an integrated approach is long overdue and believes the one presented is comprehensive and balanced. Definition of a basic strategy is but the first essential step. Delineation of the strategic elements and successful implementation will be major undertakings. [REDACTED]

4. DCI Briefing. Unlikely, but one on Cuba and one on Nicaragua-Honduras are provided.

5. Policy Decisions for NSC (page 4, Executive Summary)

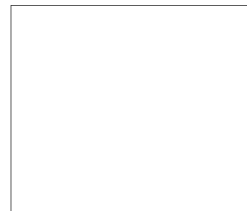
a. Recommend DCI approval of general strategy: this is a commendable start on a long, tough journey.

b. Relative priority: "enhanced" vs "all-out" packages. Recommend "all-out" for improving political, economic, and social conditions; "enhanced" for security assistance, confronting Cuba, and changing Nicaragua. This approach is most likely to generate international and Congressional support. Major near-term conflict with Cuba and efforts to overthrow Sandinistas would endanger this support, as would too conspicuous moves toward security assistance.

c. Consultations. Hard to oppose, but to be effective must emphasize economic and political reforms.

d. Developing Specific Courses of Action Through IG. CIA should be cut fully into the action, which has not been the case on first two follow-on papers. [REDACTED]

6. This Background Memorandum has been discussed with C/LA/DDO and C/LA/OPA. [REDACTED]



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POLICY TALKING POINTS FOR NSC PAPER ON
"US POLICY IN CENTRAL AMERICA AND THE CARIBBEAN"

ISSUES FOR DECISION (page 4 of Executive Summary)

1. The SIG seeks general NSC blessing for the paper's integrated approach. Recommend that DCI respond favorably. . . .

Political and economic changes in the target countries could prove as important to protecting US interests as does stopping Cuban-Soviet aid to insurgents. US is not ready militarily for near-term direct confrontation with Cuba, and concentration on this aspect would increase the diplomatic and US political costs to the Reagan administration.

2. SIG seeks NSC guidance on whether the US should adopt an "enhanced" (Package A) or "all-out" (Package B) approach. Recommend that DCI respond selectively.

Sponsors know that choice is not that clear cut. Recommend overall high priority, to reduce challenges to our interests through substantial US resource commitments. In particular, recommend "all-out" for improving political, economic, and social conditions in target countries. This is likely to be the key to generating US domestic and international support. Recommend "enhanced" for confronting Cuba, overthrowing Sandinistas, and security assistance. Too great an emphasis on these would isolate the US, and thus add heavy indirect costs to the considerable direct risks involved.

3. Sponsors want to get started on consultations with Congress, US allies, and key regional countries. Recommend DCI approval. But would note that to be effective, consultations must emphasize the positive (political, economic, and social change) and not the negative (going to the source).

4. Sponsors want authorization for subsequent IG work on developing specific courses of action. Recommend DCI approval, but also that he ensure CIA participation across-the-board.

COMMENTS ON STRATEGIC ELEMENTS

1. Measures . . . to Control Present Armed Insurgency (page 3 of text)

As developed here and in follow-on paper, calls for DOD security assistance and military training programs to double from \$30 million in FY 81 to \$60 million in FY 82. Congressional opposition could be softened if economic and political aspects of overall strategy are emphasized.

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2. Effective US Support for Improving . . . Political, Economic, and Social Conditions . . . (page 3)

a. Will not be either easy or cheap. State's initial estimate (pages 12-13) of \$410 million in additional US official assistance in FY 1982, to "turn the economic situation around", is probably much too low. Will probably need additional \$100 + million per year for post-insurgency reconstruction in El Salvador alone.

b. "Reagan Plan for Caribbean Basin Cooperation" holds considerable promise, especially as it signals lasting, serious US commitment. Similar to "Lome Agreement" that EEC adopted for former colonies. Will run into US labor and industry opposition.

c. Changing Central America's political culture is a major undertaking. For example, Guatemala regularly holds elections, and just as regularly rigs them.

d. Curbing military excesses also a problem in Guatemala as in El Salvador. Those in control see moderate reformers as subversives.

3. Nicaragua (page 6). Little chance Sandinistas will change their stripes. If the US pushes too hard, they will eliminate the domestic moderates. Obvious or suspected US hand in overthrowing regime will be very costly with Congress, Mexico, and Western Europe. Much to recommend "damage limitation" approach. Carrot and stick to reduce Nicaraguan aid to insurgents, and to limit security ties to Cuba. If other countries do well under new US program, Nicaragua may eventually come around. Even if US decides that it cannot live with Sandinistas, it would be better to get positive elements of program in high gear first. However, attention needed now to deciding US role with anti-Sandinista exiles and governments.

4. Cuba (page 7). Much to recommend a "damage limitation" approach here as well. Keep raising the costs and risks to Havana of excessive aid to insurgents, but delay or avoid military confrontation while working on positive aspects of the regional program. But here too, must advance planning and readiness in case Castro provokes clash or sends troops to Nicaragua.

5. Soviet Union (page 8). Soviet reaction likely to depend on whether Moscow perceives US is trying to curb Havana's activities in Latin America, or is trying to overthrow Castro regime. If first, Moscow may use its leverage to effect greater Cuban prudence (but not total cutoff of aid to revolutionaries). If second, Moscow will see it as major crisis in US-USSR relations.

6. These Policy Talking Points have been discussed with C/LA/DDO and C/LA/OPA.

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